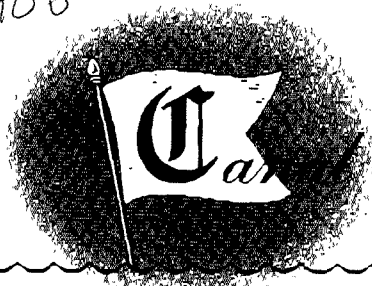


279906

*Canal Barge Company, Inc.*

May 4, 2004

835 UNION STREET
NEW ORLEANS, LOUISIANA 70112-1469
TELEPHONE: (504) 581-2424
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Via Telefax (202) 493-2251

Docket Management Facility (USCG-2003-14472/MARAD-2003-15171)
U. S. Department of Transportation
Room PL-401
400 Seventh Street, SW
Washington, DC 20590-000

USCG - 2003 - 14472 - 31

MARAD - 2003 - 15171 - 43

RE: Lease Financing of Jones Act Vessel
(USCG-2003-14472/MARAD-2003-15171)

Dear Sir or Madam:

Thank you for the opportunity to present comments on the Coast Guard and Maritime Administration Joint Notice of Proposed Rulemaking regarding changes to the agencies' respective regulations regarding lease financing of vessels engaged in coastwise trade.

Canal Barge Company, Inc. (CBC), headquartered in New Orleans, Louisiana, owns and/or operates 16 towboats and over 500 barges in the inland and offshore marine transportation service industry, including tank barges, deck barges and open and covered hopper barges. All of those vessels are U.S. flag vessels operating under the protection of the Jones Act, which Act we regard as essential to our industry and to CBC's operations. Since the lease financing provisions of 1996 were enacted, CBC has invested well over \$100,000,000 in Jones Act vessels which investment could be at risk unless and until the ultimate result of this rulemaking is to preserve the U.S. ownership requirements of the cabotage laws.

While CBC appreciates that the Coast Guard's February 4 final rule is most helpful in closing the lease financing loophole that otherwise would have placed Jones Act vessels in jeopardy, we believe that it is essential that the Coast Guard and MARAD take further steps to completely close the loophole.

As a proud and active member of the American Waterways Operators (AWO), CBC fully supports the detailed comments submitted by AWO and those of the Maritime Cabotage Task Force submitted to the above referenced dockets. In particular, we urge the agencies to:

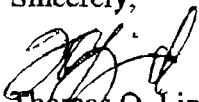
- a) Adopt Alternative 2 prohibiting charter-back arrangements in which a lease financed vessel is chartered back to the vessel owner or member of the vessel owner's group of companies, except when the vessel is engaged in the transportation of proprietary cargo for such owner or member;
- b) Establish a three-year limit on the grandfathering of coastwise endorsements issued prior to the February 4, 2004 final rule; and

Docket Management Facility***Page 2******May 4, 2004***

- c) Establish procedures for Coast Guard access to expertise for evaluating applications for documentation to assure they meet the standards of the regulations. Such procedures would, we submit, include the requirement of public notice and the opportunity for comment thereon.

Again, we thank the Coast Guard and MARAD for this opportunity to comment on the Joint NPRM, which is of such vital importance to CBC and to the U.S. Maritime Industry. We would be happy to answer any questions in regard to these comments that you may have.

Sincerely,



Thomas O. Lind

General Counsel and Secretary

TOL/amc